

EASTON TAX RELIEF FOR THE ELDERLY COMMITTEE
MINUTES - MEETING OF November 20, 2014

The meeting was called to order at 7:30pm in the Senior Center conference room. Present were Chairman Paul Lindoerfer, Renn Gordon, Karen Martin, and Ray Longo. Absent was: Marvin Gefland

Ren Gordon moved and Karen Martin seconded a motion to approve the minutes of the Tax Relief for the Elderly Committee meeting of November 12, 2014. The motion carried unanimously.

A draft 2015 Tax Relief for the Elderly ordinance was presented by Chairman Lindoerfer. The text consists of the text from the 2012 ordinance with all changes and edits proposed by the committee through its last meeting on November 12, 2014. Renn Gordon moved and Ray Longo seconded a motion to approve the text of the ordinance as presented. The motion carried unanimously.

Suggested changes to the ordinance text were then reviewed and voted on:

Renn Gordon moved and Ray Longo seconded a motion to modify Section 16, Page 5 to change the bulleted points of the tax filing extension process to read:

- "a) The application for tax relief must be submitted as normal by May 15 with all required signatures.
- b) No tax credit will be calculated and no credit will be applied to the applicant's July tax bill.
- c) When the required return(s) are finally filed, a copy shall be submitted to the Assessor's office.
- d) The applicant's tax relief amount, if any, will then be calculated and applied to their January tax bill.
- e) If the applicant does not provide the required tax return(s) by Nov15 no tax relief will be granted for that year."


The motion carried unanimously. *(Amended ordinance attached)*

Karen Martin moved and Renn Gordon seconded a motion to modify Section 19, Page 6 to change "Federal tax exempt interest" to "Tax exempt interest". The motion carried unanimously.

Karen Martin moved and Ray Longo seconded a motion to modify Section 22, Page 10 to add subparagraph (d) reading "This lien will not be foreclosed except in accordance with subpar j below". The motion carried unanimously.

A draft of the committee report to the Board of Finance and Board of Selectmen was reviewed. Renn Gordon moved and Karen Martin seconded a motion to approve the report with an edit to the number at the bottom of page 3 from "85" to "86". The motion carried unanimously. *(Amended report attached)*

Paul Lindoerfer moved and Karen Martin seconded a move to adjourn at 8pm. The motion carried unanimously.

for Ray Longo

Secretary
November 21, 2014

Easton Tax Relief for the Elderly Committee

Report and Recommendations

Nov 20, 2014

I. Introduction

This report describes the Tax Relief for the Elderly Committee's efforts in reviewing the property tax relief offered to Easton seniors over the past three years and makes proposals for revisions to the Tax Relief for the Elderly ordinance of 2012.

Committee members are:

Paul Lindoerfer – Chairman
Marvin Gelfand
Renn Gordon
Ray Longo
Karen Martin

The committee met nine times over the months of Sep, Oct and Nov 2014. It reviewed the effects of the current ordinance in regard to its outreach to Easton's senior population, how equitably seniors are treated and how well it offers the most tax relief to those most in need. The changes the committee is proposing are designed to enhance the ordinance in each of those areas.

II. Committee Charter

The charter of this committee comes from the 2012 Tax Relief for the Elderly ordinance. It calls for the committee to perform a study and investigation with respect to property tax relief for the elderly and to prepare a report to the Board of Finance to include:

- A. The fiscal effect to the town of property tax relief for the elderly over the past 3 years
- B. Recommendations on form and effect of relief for the following 3 years.

III. Committee Actions

A. Review of the present Easton tax relief plan

The committee reviewed the present tax relief program for the elderly. We received data on past three year's tax relief and analyzed the data to see the impact on town finances. See Section VI for the analysis.

B. Investigation into reasons for a decreasing number of applicants

The committee attempted to gain an understanding of why the number of seniors receiving tax relief has decreased from 198 in 2011 to 155 in 2014. Our efforts are discussed in Section IV.

C. Itemization of tax relief considerations

The committee reviewed all requirements and qualifications for the present tax relief program and considered a number of potential changes. These proposed changes were

largely based on experience with the existing program. Section V describes these recommendations.

D. Analysis of the financial impact of proposals

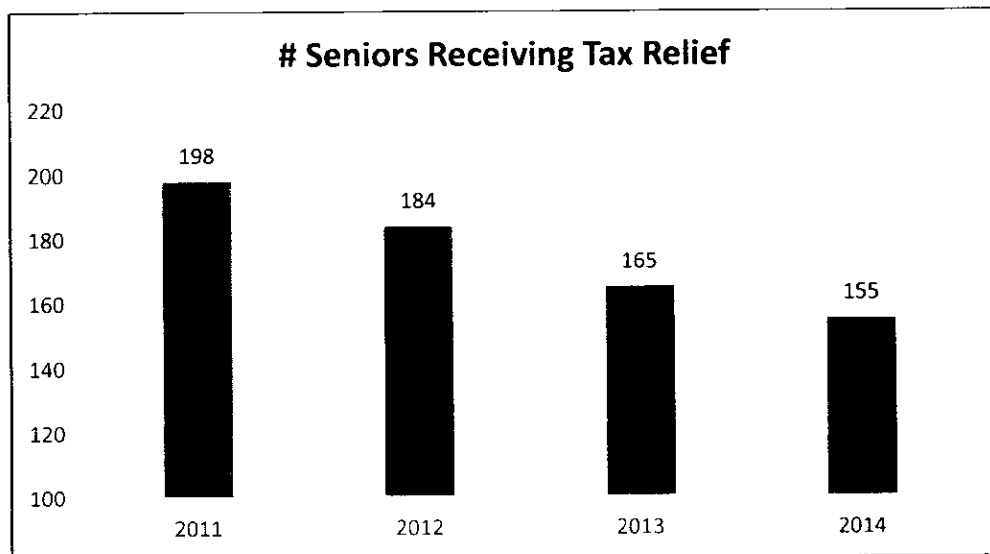
Finally, the financial impact of the proposed changes was evaluated. This impact is discussed in detail in Section VI.

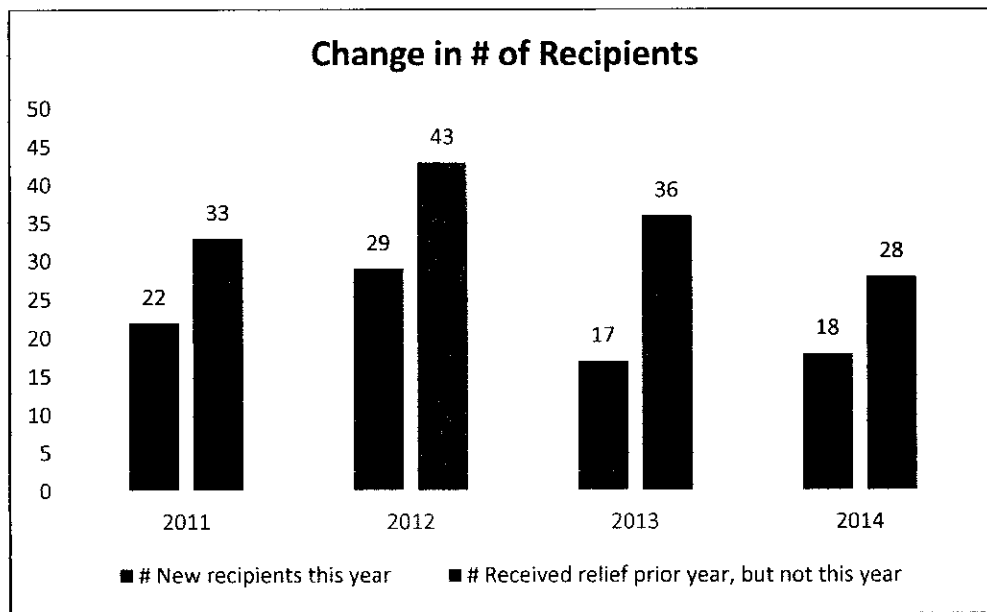
IV. Easton Senior Population Demographics

According to the Connecticut Economic Resource Center (CERC) 2014 Town Profile for Easton there were 1140 residents over the age of 65; about 15% of our estimated total population of 7500. Extrapolating from data collected about seniors who receive tax relief (e.g.; 30% of senior households are single occupant) this would equate to about 700 senior households (roughly 30% of the towns 2500 households).

Over the last three years an average of 168 senior households (24%) received tax relief under the Tax Relief for the Elderly program. The median age of a senior receiving tax relief in 2014 was 80 and the median household income (as calculated using Easton's tax relief formula) was \$42,000.

Of concern to the committee was the fact that the number of seniors receiving tax relief has decreased in recent years as shown in the following charts:





To gain an understanding of why this has happened the committee looked at senior tax relief data for the last four years. Using 2011 as a baseline we looked at each senior who received tax relief in that year and tracked what their tax relief status was in each of the subsequent years. 2011 was chosen as the reference year because the tax relief ordinance was reviewed that year and several changes made to the program. The major change was the addition of a liquid asset limit of \$500,000. These changes took effect in 2012. Of the 198 seniors who received tax relief in 2011, 112 went on to receive tax relief in each of the three following years. That left 86 seniors who did not receive tax relief in one or more of these years. We determined that 48 of those seniors no longer live in town having either died or moved. That left 38 seniors who had received tax relief in 2011, who still live in Easton but did not receive tax relief in one or more of the subsequent years. Committee members attempted to contact each of these seniors by phone to find out what the reasons were for dropping out of the program. The following table shows the results of our study:

Drop-out Reasons	2012	2013	2014
- Assets exceeded the \$500,000 limit	18	0	4
- Income exceeded the \$85,000 limit	1	8	5
- Other reasons	0	3	0
- Unknown reasons	8	3	8
- Died	5	11	6
- Moved	11	11	5
TOTAL	43	36	28

Note: The number of seniors is greater than 86 because some seniors were counted in multiple years.

At least 18 seniors who had received tax relief in 2011 did not qualify in 2012 due to the newly imposed asset limit. Without this reduction the drop-out number for that year would have been 25 and the total number of tax relief recipients would have been 202, an increase over 2011.

The decreases in 2013 and 2014 are harder to understand since the tax relief program did not change in those years. There likely were a number of seniors who would have been new recipients if they first applied in prior years but did not qualify in these years due to the asset limit. It is also possible that the slight uptick in the economy could have caused some seniors who had previously received tax relief to not apply because they were over the income or asset limits. However, the reasons for these decreases remain elusive.

V. Proposed Changes to the Existing Ordinance

A. Changes with financial impact

1. Changes to the assets limitation of Section 12(e) and Appendix A.

The committee proposes that changes be made to the current assets limit to:

- a) Increase the limit from \$500,000 to \$750,000.
- b) Expand the definition of “assets” to include, in addition to liquid assets, retirement plan assets (e.g.; IRA, 401k, 503b) and non-rental income producing real estate but exclude the value of the applicant's primary legal residence, all tangible personal property contained therein and all motor vehicles.

The primary motivation for making this change was to eliminate the different treatment of liquid assets from other assets. In particular it was noted that seniors with over \$500,000 of liquid assets would not qualify for tax relief while seniors with over \$500,000 of retirement plan assets could qualify. By having both types of assets included in the limit while increasing the asset limit the committee believes that this change will provide more equitable treatment of seniors while still providing some reasonable limits to program participation.

While reviewing the tax relief programs of some towns in our surrounding area we noticed that several have limits on second home ownership, some not allowing it at all and others including second and even primary homes in an asset limitation. The committee is proposing including second homes in total assets as part of the \$750,000 limitation.

It is difficult to estimate the fiscal impact of this proposed change to the asset limit. We expect that increasing the limit from \$500,000 to \$750,000 will allow some seniors to qualify who do not presently. Likewise, adding to the assets to be included in the limit will cause some who now qualify to be excluded. The committee believes the net effect will be neutral.

2. Increase the maximum tax relief percent (Section 18)

The committee recommends that the maximum tax relief percentage be increased from 42% to 46%. The limit has not been increased since 2011. This is not meant as an adjustment for inflation. Inflation protection is built into the tax relief formula since the amount of relief is calculated as a percent of the prior year tax bill. Thus as taxes

increase the amount of tax relief also increases but a year behind. The committee believes that since the number of seniors receiving tax relief has decreased due to the prior committee's changes to the ordinance that did a tighter screening of need, and since the current committee is continuing that process, this offers the town an opportunity to offer more tax relief to seniors that really need it

3. Description of how losses on IRS Form 1040 will be handled (Section 17)

The committee proposes changes in the method of calculating qualifying household income to exclude the allowance for business losses shown on an applicant's federal tax return with the exception of farm losses. This change is designed to move the program closer to a cash basis definition of "ability to pay taxes" as opposed to a taxable income basis as the excluded amounts generally do not represent cash outlays or economic losses in the subject tax year.

This provision was a part of the Easton ordinance until 2012 when it was removed by that year's Tax Relief for the Elderly Committee. However, it is a common provision in many towns in Connecticut and this committee is recommending that it be restored.

The last year in which the losses add-back was in effect was 2011 and the effect of the provision then was to reduce tax relief outlay by about \$22,000. In 2014 it is estimated that, if this provision had been in effect, tax relief would have been reduced by \$12,000.

B. Changes not having a financial impact

1. Annual report requirement (Section 11)

It is proposed that a section be added to the ordinance defining the contents of an annual report of the status of the Senior Tax Relief Program. The Tax Relief for the Elderly Committee is tasked with submitting this report to the Board of Finance and the Board of Selectmen. This report will satisfy this requirement for 2014.

2. Clarification of appeal process (Section 12g)

Rewording of the tax relief appeal process to clarify its intent and to require the Tax Relief for the Elderly Committee participation in the appeal process. Also removing the requirement for a three person advisory committee.

3. Update of documentation requirements (Section 15)

The committee recommends adding text to Section 15 that makes clear that the town can require evidence of both income and residency status of an applicant.

4. Federal tax filing extension procedure (Section 16)

The Tax Relief for the Elderly Committee has established a procedure to be followed when an applicant does not have the required current year federal tax return due to having an extension for filing. This procedure has been used for several years but is not contained in the ordinance. The committee is recommending that this procedure be added to the ordinance.

5. Throughout the ordinance all dates have been updated from 2012, 2013, 2014 to 2015, 2016, 2017.

6. A few paragraphs of unnecessary text have been removed.
7. Some text has been revised for clarity.
8. The ordinance has been edited to conform with the with the formatting, grammar, punctuation and capitalization changes suggested by the recent ordinance encoding process. It should be noted that the format of the text of this ordinance will be required to be changed to adhere to the new section numbering and labeling requirements of the Town's recently revised ordinance system. The ordinance text has been left in the old format to allow for easier comparison between old and revised text. The committee will ensure that no text changes will be made that affect the meaning or intent of the ordinance.

VI. Fiscal Effect on the Town

A. Present program

The table below shows program statistics and the total cost to the town of the tax relief program for the elderly for the past 4 years.

Senior Tax Relief History

	2011	2012	2013	2014
Number of Seniors Qualified	198	184	165	155
Total Relief \$	\$386,642	\$380,546	\$334,945	\$318,606
Avg. Relief \$	\$1,953	\$2,068	\$2,030	\$2,056

B. Proposed program

If the changes proposed in this report had been in effect during the current year its estimated impact would be as shown in the following table.

Recommended Change	Estimated Cost
Increase maximum credit from 42% to 46%	\$31,000
Modification to Assets Limit	-
Add-back of 1040 losses	-\$17,000
Total	\$14,000

The committee is unable to reliably predict the number of seniors who will qualify for tax relief even in the near future. After peaking at 209 recipients in 2010 there has been a steady decline each year though the size of the annual change has been erratic. The add-back of 1040 losses will almost certainly cause a decrease in the amount of tax relief provided but the effect of the asset limit modification is uncertain. The biggest single year change in the

amount of tax relief granted was a \$46,000 decrease between 2012 and 2013. A change that large in either direction is not anticipated.

VII. Recommended Senior Tax Relief Allocation for 2015

The committee recommends that the Town should budget for tax relief for 2015 an amount equal to the tax relief granted in 2014 plus 2% tax inflation plus the \$14,000 estimated above plus a contingency factor of \$10,000. This would be \$350,000.

2015 Tax Relief for the Elderly Ordinance

General and Administration Sections

Section 1. The Town of Easton amends and restates the ordinance relating to tax relief for elderly homeowners, adopted pursuant to Section 12-129n of the Connecticut General Statutes for eligible residents of the Town of Easton, on the terms and conditions provided herein. This ordinance is enacted for the purpose of assisting elderly homeowners with a portion of the costs of property (real estate) taxation. Tax relief is provided based upon an assessment of the taxpayer's ability to pay taxes.

Section 2. No later than August 15 of every third year commencing 2014, or more frequently at the discretion of the Board of Selectmen, the Board of Selectmen shall appoint a committee of not fewer than five resident taxpayers of the Town of Easton which shall undertake and complete within 180 days following such appointment, or such longer time as the Board of Selectmen shall authorize, a study and investigation with respect to property tax relief for the elderly and, on the basis thereof, prepare a report to the Board of Finance which report shall include the following:

1. With respect to the previous three years, the fiscal effect of such property tax relief on property tax revenues for such years for the Town of Easton; and
2. Recommendations with respect to the form and extent of such property tax relief for the following three years, including estimates of the effect annually of recommended tax relief on property tax revenues.

Section 3. After receiving the report from the Committee on Tax Relief for the Elderly, the Board of Finance shall provide such comments on the recommendations, as it deems appropriate. The Committee on Tax Relief for the Elderly shall consider the comments of the Board of Finance and shall, to the extent deemed necessary and appropriate by such Committee, present revised recommendations to the Board of Finance. When the Board of Finance is satisfied with the recommendations of the Committee, the Board of Finance shall recommend the plan for adoption by the Town at a Town Meeting to be scheduled by the Board of Selectmen. The Town Meeting shall, by majority vote, approve or reject the recommended plan, but shall not amend the plan. If approved, the plan shall remain in effect until such time as a new recommended plan is approved by the Town Meeting. If rejected, a new Committee on Tax Relief for the Elderly, that may, but need not, contain members of the preceding Committee on Tax Relief for the Elderly, shall be convened. Until such time as a new plan for tax relief for the elderly shall be adopted by the Town Meeting, the then current plan shall remain in effect.

Section 4. This ordinance may, but need not be, amended and restated in its entirety in the future. It shall be sufficient to submit as an amendment to the ordinance the provisions of the recommended or approved plan.

Section 5. Under no circumstances shall tax relief provided under this ordinance result in a benefit to the estate of a deceased taxpayer and to the eligible surviving spouse that would be separately, or together, greater than the deceased taxpayer would have received if such deceased taxpayer had lived.

Section 6. If any person entitled to the tax relief pursuant to this ordinance transfers the property on which relief is granted, such tax relief shall be prorated as of the date of transfer of title and the transferee of such property shall pay the Town a prorated share of the tax relief as provided by Section 12-81a of the Connecticut General Statutes.

Section 7. Tax relief under this ordinance shall be allowed only once per year for each eligible principal residence. In any case where title to such real property is recorded in the name of an eligible applicant (including such applicant's spouse) and any other person or persons, the tax relief shall be prorated so as to allow tax relief equivalent to the fractional share of ownership in the property of such eligible applicant (including such applicant's spouse). In any case where such real property is a multiple family dwelling and is occupied by the eligible applicant (including such applicant's spouse) and any other person, the tax relief shall be prorated so as to allow tax relief equivalent to the fractional portion occupied by such eligible applicant (including such applicant's spouse). The Assessor shall determine the proration amount in a multiple family situation.

Section 8. The total of all tax relief granted under this ordinance shall not exceed an amount equal to 4% of the total real estate property tax assessed for the town in the preceding tax year, and if such relief would exceed such amount, it shall be prorated to keep the total amount of Town tax relief within such 4%.

Section 9. The Town of Easton shall not place a lien on any property for which tax abatement is granted under this ordinance in any amount by reason of the granting of such abatement. However, the terms of this section will not in any way affect the right of the Town of Easton to have a lien on such property pursuant to any tax deferral granted under this ordinance or pursuant to any section of the Connecticut General Statutes other than Section 12-129n.

Section 10. This ordinance shall apply to real property taxes as are due and payable commencing the fiscal year beginning July 1, 2015 and succeeding fiscal years.

Section 11. Each year, subsequent to May 31, the Tax Relief for the Elderly Committee will prepare a report, to be delivered to the Selectmen and Board of Finance, which summarizes the Senior Tax Relief results for the current year and

compares these with results from the three prior years. The report, as a minimum, will contain the following information:

- (a) Total amount of tax relief granted
- (b) The number of seniors that qualified for relief
- (c) The number of seniors who received tax relief last year but not this year
- (d) The number of new tax relief recipients this year
- (e) The number of recipients have been granted an extension for completing their tax relief application.
- (f) The number of recipients that have been granted tax deferrals

The report will, in addition, include the recommendation of the committee for the amount to be budgeted for Senior Tax Relief for the next year.

Qualifications for Relief

Section 12. Any person who owns real property in the Town of Easton or is liable, by reason of life use, for payment of taxes thereon pursuant to Section 12-48 of the Connecticut General Statutes, and who occupies the property as a principal residence, shall be entitled on the annual taxes for such property as are due and payable for the fiscal year beginning July 1, 2015, to a credit against the real property taxes on such residence, based on the plan set forth in this ordinance.

This program shall be offered to those persons qualifying even though their current taxes may be in arrears, provided that all of the following conditions are met:

- (a) Such person was 65 years of age or over on December 31 prior to the fiscal year for which tax relief is sought, or his or her spouse was 65 years of age or over on such December 31 and resides with such person, or such spouse was on such December 31, 60 years of age or over and the surviving spouse of a taxpayer who was qualified for tax relief under this ordinance at the time of his or her death.
- (b) Such person, or such person's spouse, as described in subsection (a), shall have resided in the Town of Easton and paid taxes for a period of five years immediately prior to the fiscal year for which tax relief is sought.
- (c) The property for which the tax relief is sought must be the principal residence of such person, and such person's spouse (if any), for more than 183 days of the fiscal year immediately prior to the fiscal year for which tax relief is sought; however, should the applicant be confined to a skilled nursing home for 365 days or less but intend to return to the property, such person is entitled to tax relief.

(d) Such person or such person's spouse as defined in subsection (a) shall file with the Assessor an application, in a form acceptable to the Assessor, not later than May 15 of the year following the October 1 Grand List. The form shall require such information as the Assessor may reasonably require and shall be prepared by the Assessor subject to the approval of the Board of Selectmen.

(e) Assets limitation

In order to qualify, each household must certify that it has a qualifying total asset value (QTAV) not exceeding \$750,000. Qualifying total asset value shall consist of any and all assets of the applicant and spouse (and all other adults living in the household except those excluded in Section 15) as of the date of application including liquid assets (e.g.; cash, including bank accounts, and marketable securities), retirement accounts (e.g.; IRA, 401k, 403b) and non-rental income producing real estate but shall specifically exclude the value of the applicant's principal residence (as defined in this section), all tangible personal property contained therein and all motor vehicles. The Assessor shall include the affidavit shown in Appendix A of this ordinance in each application form for tax relief.

(f) Before the tax benefit created by this ordinance or any portion thereof shall be given, such person must first apply for tax relief under any state statutes under which he or she is eligible.

(g) If in the Assessor's opinion the taxpayer does not qualify for tax relief, she/he may refuse relief. In the event of a question with respect to income or a claimed exemption of income, or deduction from income, not specifically referred to in Section 15, the Assessor or designee shall make a determination based upon the purposes of this ordinance. The Assessor may also refuse tax relief if there is a question as to whether or not any application is bona fide. Any person refused relief for any reason may appeal to the Board of Selectmen, which may only grant tax relief if in its opinion the Assessor has erred, or where the ordinance is not clear, or in case of extreme hardship or extraordinary circumstances. The Selectmen shall, prior to making a decision, consult with the Tax Relief Committee or its chairman, who may convene the committee for a recommendation.

Section 13. The Assessor or his or her designee shall determine the income of each applying taxpayer, as defined in Section 15 below. The Assessor or designee shall compile a list of all applying taxpayers whose income qualifies for tax relief. The Assessor or designee shall compute the amount of such relief.

Section 14. Each applicant shall sign an affidavit certifying that the information provided with respect to such applicants' total income in the home is true and accurate to the best of the applicant's knowledge and other information as requested on the application form is true.

Qualifying Household Income Calculation

Section 15. "Qualifying Household Income" (QHI) shall include the income of the taxpayer, taxpayer's spouse, and all other adults who reside in the household unless such other resident is a full-time student, a person receiving Social Security disability income, or a "renter". A "renter" is a resident of the household who (1) is not related to the applicant (2) pays "fair market rent" and (3) the rental income is included in the applicant's 1040 tax return. Documentation required to determine all residents' income and residence status includes their federal and state income tax returns for the prior tax year, documentation of healthcare and healthcare insurance premium expenses and any other documentation as may be reasonably required in the opinion of the Assessor.

Section 16. If any of the residents do not have the prior year tax returns required by Section 15 due to having an extension on filing such returns a Tax Relief Extension process will be used as follows:

- (a) The application for tax relief must be submitted as normal by May 15 with all required signatures.
- (b) No tax credit will be calculated and no credit will be applied to the applicant's July tax bill.
- (c) When the required return(s) are finally filed, a copy shall be submitted to the Assessor's office.
- (d) The applicant's tax relief amount, if any, will then be calculated and applied to their January tax bill.
- (e) If the applicant does not provide the required tax return(s) by Nov15 no tax relief will be granted for that year.

Section 17. In determining total income in the household, there shall be no allowance for:

- (a) Business losses from Schedule C or Schedule C-EZ, IRS Form 1040 line 12
- (b) Capital losses, IRS Form 1040 line 13
- (c) Other losses from form 4797, IRS Form 1040 line 14
- (d) Losses from Schedule E including Losses emanating from Rental Real Estate, Partnership, and S-Corps, Trusts, etc. , IRS Form 1040 line 17
- (e) Other losses, IRS Form 1040 line 21
- (f) With the exception of Farm Losses on IRS Form 1040 Line 18, which shall be allowed.

The reference to current IRS forms shall include comparable data as contained in any revised IRS forms.

Section 18. If Qualifying Household Income is over the amount shown in Table 1 for "Maximum Income" the taxpayer shall not be entitled to a tax credit.

Table 1 – Income Limits and Abatement Calculation Values			
IRS Tax Year	Town Fiscal Year	Maximum Income	Maximum Tax Credit
2014	2015 - 2016	\$85,000	46.0%
2015	2016 – 2017	\$85,000	46.0%
2016	2017 - 2018	\$85,000	46.0%

Section 19. Income of each resident shall be calculated as follows:

#	Income Item	Definition
1	IRS Adjusted Gross Income	AGI as shown on Line 37 of IRS Form 1040 or Line 21 of Form 1040A
2	Add: Tax exempt interest	IRS Form 1040 line 8b
3	Add: The portion of IRA Distributions exempt from taxation.	IRS Form 1040 line 15a minus 15b
4	Add: The portion of pension and annuity distributions exempt from taxation.	IRS Form 1040 line 16a minus 16b
5	Add: The portion of Social Security benefits exempt from taxation	IRS Form 1040 line 20a – 20b

#	Income Item	Definition
6	Add: Other nontaxable income, if any.	Any other income or funds received and not reported as taxable income on the 1040.
7	Add: Business losses from Schedule C or Schedule C-EZ	IRS Form 1040 line 12
8	Add: Capital losses,	IRS Form 1040 line 13
9	Add: Other losses from form 4797	IRS Form 1040 line 14
10	Add: Losses from Schedule E including Losses emanating from Rental Real Estate, Partnership, and S-Corps, Trusts, etc.	IRS Form 1040 line 17
11	Add: Other losses,	IRS Form 1040 line 21
12	Less: ½ of all out of pocket health insurance premiums	Medicare Parts B,C,D, Medicare supplement insurance, other private health care insurance and long term health care insurance (not including the amount in 1040 Line 29)
13	Less: Medical expenses	From IRS Form 1040 Schedule A (less the amount in Line 5 above) in excess of 20% of the balance of income calculated resulting from Lines 1 to 5 herein.

Tax Abatement

Section 20. Subject to all other limitations contained in this ordinance, the tax abatement provided under this ordinance shall be based upon the Qualifying Household Income of an eligible applicant as follows:

- (a) The tax credit amount is calculated as a percentage of the prior year's taxes due before any state or town relief.
- (b) The tax credit percentage shall be a maximum percentage (as shown in Table 1) at zero income on a straight declining line to 0% at the maximum income limit from Table 1.
- (c) The tax credit will be rounded to the nearest dollar.
- (d) In no case shall the tax credit exceed the Maximum Tax Credit percentage of the taxes due from Table 1 times percentage of ownership.
- (e) The tax abatement provided under this ordinance to a resident or residents shall, in no event, together with any relief received by such resident or residents under the provisions of Section 12-129b to 12-129d, inclusive, of the General Statutes, exceed in the aggregate 75% of the tax which would, except for Sections 12-129b to 12-129d, inclusive, and this ordinance, be laid against such resident or residents. Where the aggregate relief provided exceeds 75%, such resident or residents will receive only that portion of such tax relief equal to 75% of the tax due.

Tax Abatement Calculation

Section 21. Tax abatement shall be calculated as follows:

Basis

Tax abatement is based on the following:

- Taxpayer's total prior year Qualifying Household Income (QHI)
- Real estate taxes due in the previous tax year
- Percentage ownership
- Maximum tax credit from Table 1
- Maximum Income qualifying for tax abatement from Table 1

Tax Abatement Formula

Tax Abatement = $\frac{\text{Maximum Tax Credit} \times \text{Ownership Taxes Due} \times \text{Income Multiplier}}{\text{Multiplier}}$

Maximum Tax Credit is: from Table 1

Property Taxes Due are: Assessed Value x Mil Rate

Ownership Taxes Due are: Percentage Ownership x Property Tax Due

Income Multiplier is: $\frac{[\text{Maximum Income} - \text{QHI}]}{\text{Maximum Income}}$

Example 1:

Maximum credit	= 46%
Ownership	= 100%
Last year's property taxes due	= \$8,000
Last year's income	= \$45,000
Income multiplier	= $[85,000 - 45,000] / 85,000 = 0.47$
Tax Abatement	= $0.46 \times 1.0 \times 8,000 \times 0.47 = \$1,730$
Assume this year's taxes due	= \$8,200
Taxes Due after Abatement	= $\$8,200 - \$1,730 = \$6,470$

Example 2:

Maximum credit	= 46%
Ownership	= 50%
Last year's property taxes due	= \$8,000
Last year's income	= \$50,000
Income multiplier	= $[85,000 - 50,000] / 85,000 = 0.41$
Tax Abatement	= $0.46 \times 0.5 \times 8,000 \times 0.41 = \754
Assume this year's taxes due	= \$8,200
Taxes due on 50% ownership	= \$4,100 (Co-owner pays the other \$4,100)
Taxes Due after Abatement	= $\$4,100 - \$754 = \$3,346$

Tax Deferral:

Section 22.

- (a) Tax deferral shall be allowed in addition to tax abatement.
- (b) The taxpayer may defer up to 75% of taxpayer's remaining tax bill after all other programs have been applied (subject to any state-mandated percentage maximum on relief).
- (c) The total deferral pool for each year shall be \$80,000 plus the excess deferral amount over \$80,000 of the last taxpayer to qualify.
- (d) Deferrals will be allocated by income, lowest income first, until all of the deferral pool is allocated.
- (e) Deferral shall apply separately to each year's tax bill (i.e. 2015/16 taxes of a taxpayer who is awarded deferral for 2015/16 fiscal year shall continue to be deferred in all subsequent years, without further qualification, until termination as per paragraph i below).
- (f) For the next year's (f/y 2016/17) taxes and every subsequent year the taxpayer must apply and qualify again for deferral and must also fit within the \$80,000 allocation as per paragraph c above.
- (g) Interest: (1) Interest on deferred taxes shall be accrued each tax year at a rate equal to the Town's borrowing cost on its most recent long term bond

issue as of January 1 of the previous tax year; (2) The interest rate remains constant for the duration of the lien.

- (h) Lien. (1) The Tax Collector shall make a list of the deferrals granted for the coming tax year, and shall, as soon as possible following January 1, file a tax lien on the land records for each deferral granted; (2) The lien shall be filed using a form to be prepared by the Tax Collector. The form shall, inter alia, state the rate of interest applicable for the duration of the lien; (3) Interest will be calculated and applied to the lean according to the Tax Collector's standard practices; (4) This lien will not be foreclosed except in accordance with subparagraph j below
- (i) Termination. The tax deferral shall terminate and all accrued interest shall become due and payable, along with the total amount of deferred taxes, upon the taxpayer's sale or transfer of the property, or when the taxpayer no longer resides in the residence on the property, or taxpayer's death, whichever comes first, except that if the title passes by deed or by operation of law (will, intestacy or survivorship) to a qualified spouse, the tax deferral shall continue.
- (j) Thirty days after termination (but six months in the case of death) the interest rate on all deferred taxes shall resume at the then current tax year's interest rate plus 4%, and the Town may thereafter bring foreclosure proceedings on all of the unpaid deferral tax liens.
- (k) Individual deferral limits. For any taxpayer the total of all tax deferrals (with interest either calculated or approximated at 4% per annum) may not exceed the assessed value of the taxpayers home, less the then current mortgage (or home equity loan) balances and less any over-due and unpaid Town taxes (with statutory 18% interest on overdue and unpaid town taxes).
- (l) Prepayment. Deferred taxes may be repaid at any time. A partial prepayment will be applied first to prepayment of interest on the oldest tax lien, then to principal on the oldest tax lien.

Tax Deferral Calculation:

Section 23. The tax deferral benefit shall be calculated as follows:

Basis

Tax deferral is based on the following:

- Calculation of abatement amount is done prior to deferral calculation
- Calculation of state Circuit Breaker amount is also done prior to deferral calculation
- Amount of taxes allowed to be deferred is 75% of the remaining tax after all other tax relief has been taken
- Interest on the deferred taxes is equal to the "Town borrowing rate"

Tax Deferral Formula

Tax Deferral = (taxes due – tax relief) x 0.75

Tax Relief = (tax abatement amount) + (Circuit Breaker amount)

Example

Last year's property taxes due	= \$8,000
Ownership	= 100%
Last year's income	= \$35,000
Income multiplier	= $[85,000 - 35,000] / 85,000 = 0.59$
Tax Abatement	= $0.46 \times 1.0 \times 8,000 \times 0.59 = \$2,171$
Circuit Breaker	= \$750
This year's taxes due	= \$8,200
Taxes Due after all relief	= $\$8,200 - \$2,171 - \$750 = \$5,279$
Tax Deferral Allowed	= $\$5,279 \times 0.75 = \$3,959$

AFFIDAVIT AS TO ASSETS

I/We the undersigned taxpayer(s) do hereby certify, under penalties provided by law, that as of January 1 (last) I/We together have a qualifying total asset value (QTAV) not exceeding \$750,000. Qualifying total asset value shall consist of any and all assets of the applicant and spouse (and all other adults living in the household except those excluded in Section 15) as of the date of application including liquid assets (e.g.; cash, including bank accounts, and marketable securities), retirement accounts (e.g.; IRA, 401k, 403b) and non-rental income producing real estate but shall specifically exclude the value of the applicant's principal residence (as defined in this section), all tangible personal property contained therein and all motor vehicles. .

Taxpayer Date

Taxpayer

If taxpayer has the assistance of a family member or advisor, he/she must sign the following:

The undersigned has assisted the above taxpayer(s) with finances/tax returns/tax relief application. I certify that as of December 31 (last), based upon information available to me, I believe that taxpayer(s) together have a qualifying total asset value (QTAV) not exceeding \$750,000. Qualifying total asset value shall consist of any and all assets of the applicant and spouse (and all other adults living in the household except those excluded in Section 15) as of the date of application including liquid assets (e.g.; cash, including bank accounts, and marketable securities), retirement accounts (e.g.; IRA, 401k, 403b) and non-rental income producing real estate but shall specifically exclude the value of the applicant's principal residence (as defined in this section), all tangible personal property contained therein and all motor vehicles. .

Print Name _____

Signature _____ Date _____